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SENSITIVE
SIPDIS

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COMMERCE FOR OTEXA/CCASSEL
COMMERCE FOR IA/ POLICY/SUBSIDIES/ADOUGLAS

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [KTEX](#) [VM](#)
SUBJECT: VIETNAM REJECTS SUBSIDIES FOR THE TEXTILE INDUSTRY

REF: A) USDOC 809;
B) Hani 287 and 302 ("Ambassador's Message");
C) Hanoi 262 (Vietnam's Budget Squeeze);
D) Hanoi 138 ("GVN Rolls Out Stimulus Package")

[1](#)1. (U) This is Post's response to Reftel A.

RECENT REPORTS OF TEXTILE SUBSIDIES

[1](#)2. (U) The news reports cited in Reftel A are incorrect. The Government of Vietnam (GVN) has not proposed or adopted an export subsidy for the textile and garment industry. The Reftel reports made reference to a subsidy proposal made by VITAS, a private sector garment trade group that does not make government policy. The Ministry of Industry and Trade has told Post on several occasions, including this month, that the proposal was not and will not be adopted.

[1](#)3. (U) Post has reported on existing and actual stimulus-related measures (Refs B-D). Post will continue to monitor stimulus-related packages and export-contingency measures, and report on future developments.

A WORD ON SOURCES

[1](#)4. (SBU) The state-run Vietnamese media can be unreliable and even misleading, especially when writing to a domestic Vietnamese audience expecting government support during an economic downturn. Sources are often misquoted; occasionally quotes will be made up outright, and more traditional journalists continue the practice of simply repeating in print what they have been fed by press officials. Hypothetical information can be expressed as truth, and reporters often have limited knowledge of the subjects on which they are reporting. Some wire services and online services (e.g. Xinhua, cited in Reftel A) have reprinted stories from the Vietnamese media without doing their own fact-checking.

[1](#)5. (U) This message was coordinated with ConGen Ho Chi Minh City.

MICHALAK